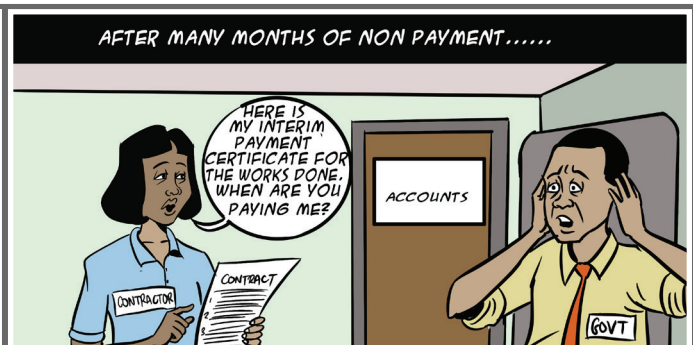
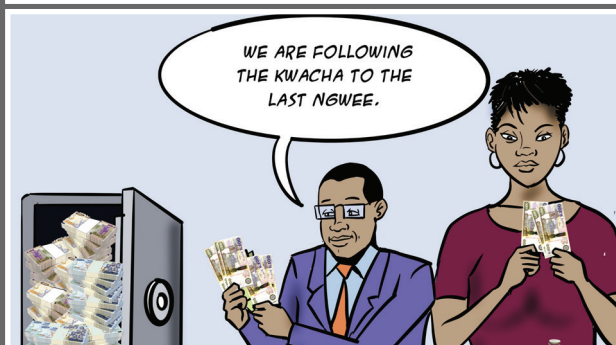
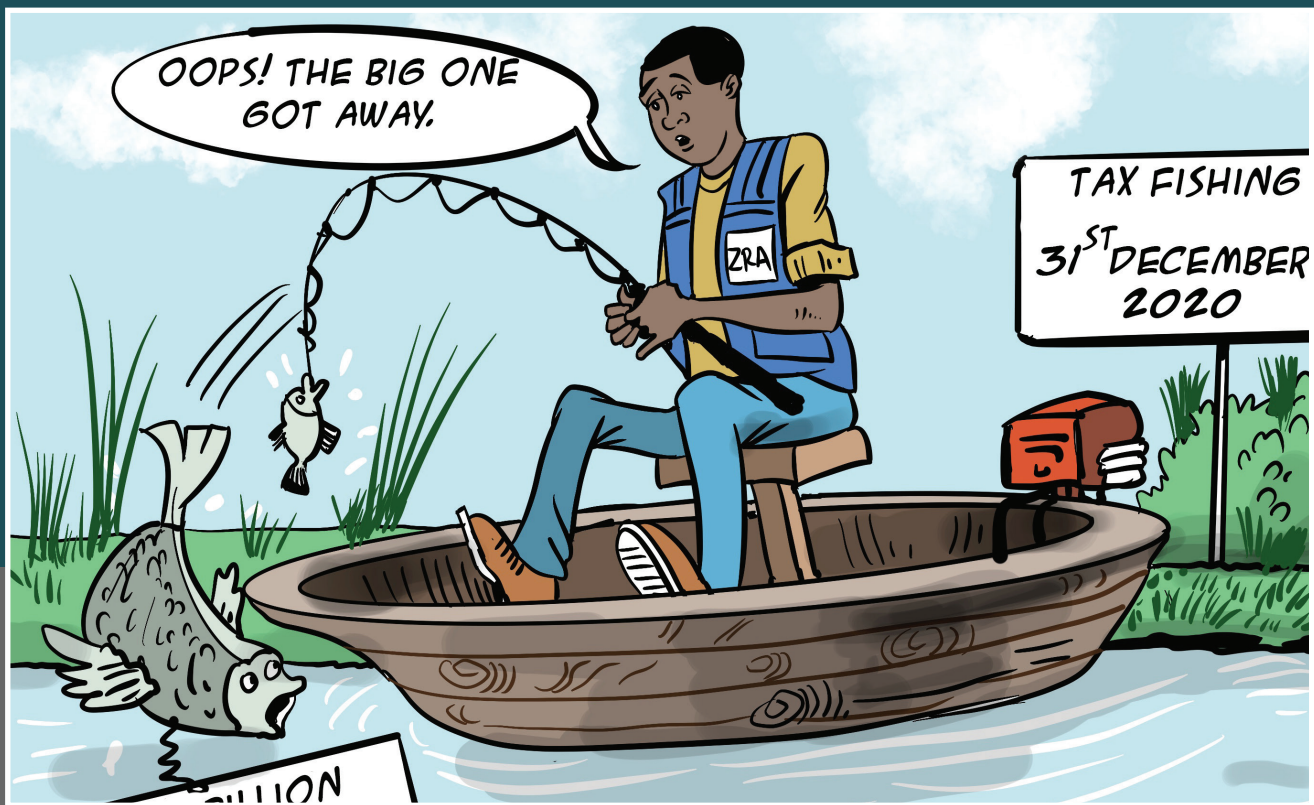




REPUBLIC OF ZAMBIA
OFFICE OF THE AUDITOR GENERAL

SIMPLIFIED REPORT OF THE AUDITOR GENERAL ON THE
ACCOUNTS OF THE REPUBLIC FOR THE FINANCIAL YEAR
ENDED 31ST DECEMBER 2020



FOREWORD



I am pleased to issue the simplified Report of the Auditor General for the financial year ended 31st December 2020. This report is intended to inform our citizens on how public resources were accounted for by various Ministries, Provinces and Agencies (MPAs).

Though my mandate is to audit public resources, am encouraged to ensure that citizens understand the contents of the audit report and where necessary, use it for corrective action.

The report consists of findings on Revenue and Expenditure of MPAs which have been simplified using cartoons and infographics for easy understanding.

My Office remains committed to engaging with its stakeholders and requests you to evaluate this simplified report by filling in an evaluation form which is either at the end of the report or on the website www.ago.gov.zm. The feedback is of great importance in our quest to serve you better.

A handwritten signature in black ink, appearing to read 'Dick Chellah Sichembe'.

Dr. Dick Chellah Sichembe
AUDITOR GENERAL

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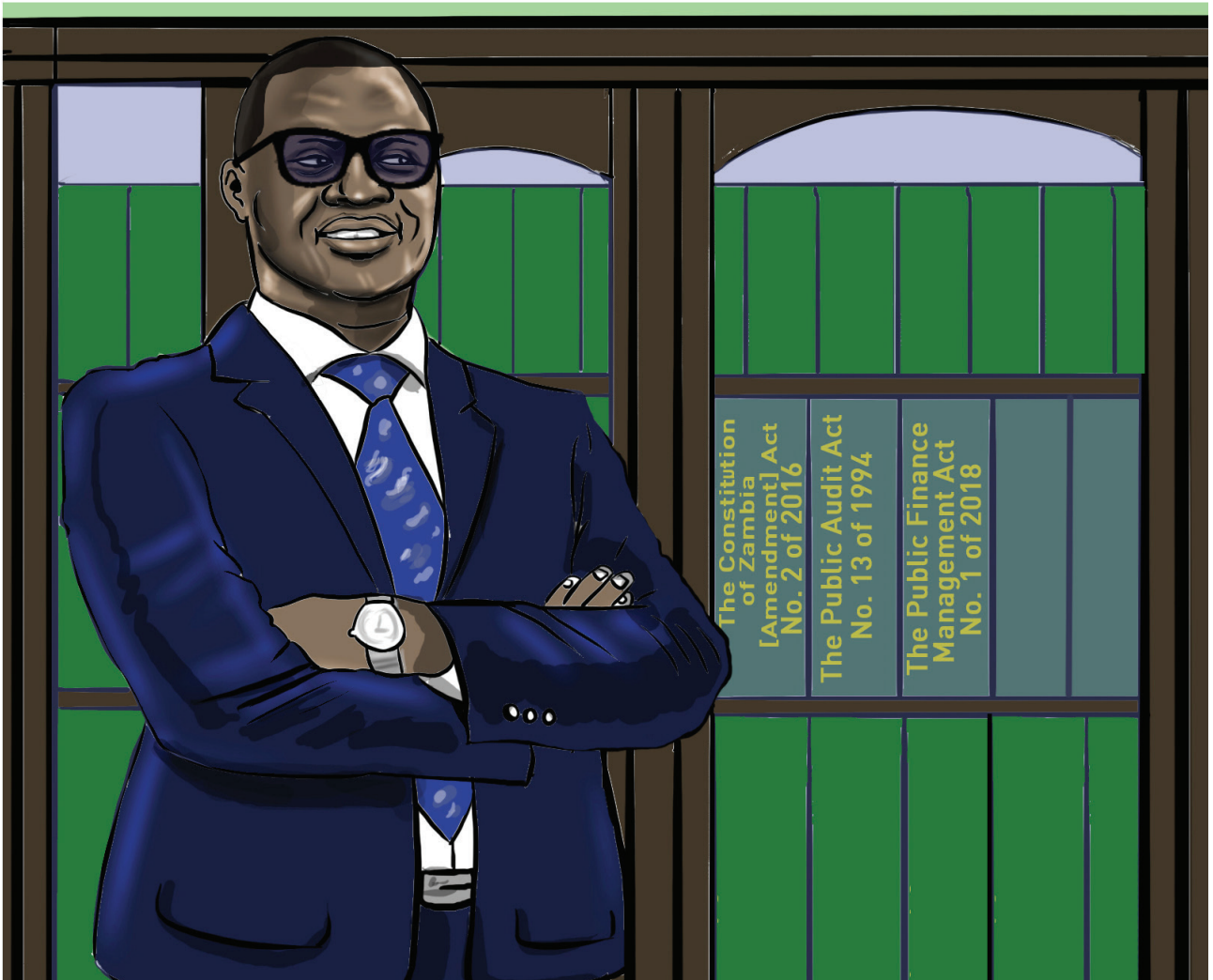
ACRONYMS

AG	Auditor General
ASYCUDA	Automated System for Customs Data
CIPs	Customs Importation Permits
COVID-19	Coronavirus Disease (2019)
INTOSAI-P12	International Organisation of Supreme Audit Institutions - Principle 12
MoGE	Ministry of General Education
MOF	Ministry of Finance
MPAs	Ministries Provinces and Agencies
PAC	Public Accounts Committee
RIT	Removals In Transit
SAls	Supreme Audit Institutions
WVAT	Withheld Value Added Tax
ZRA	Zambia Revenue Authority

MANDATE

01

The mandate of the Auditor General is to audit all public resources in the country and is derived from Article 250 of the Constitution of Zambia (Amendment) Act No. 2 of 2016, Public Finance Management Act No. 1 of 2018 and Public Audit Act No. 8 of 1980.





ROLE OF THE AUDITOR GENERAL

02

The role of the Auditor General is to provide assurance that public resources are being used for the intended purpose and that there is value for money.

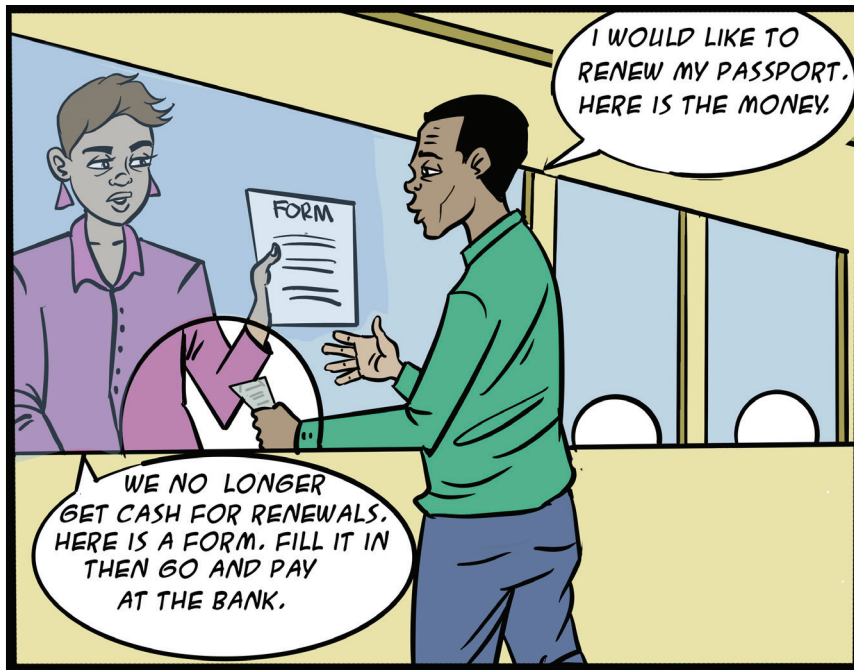


03 Value and benefits of the OAG – INTOSAI-P12

...Making a difference to the Lives of the Citizens

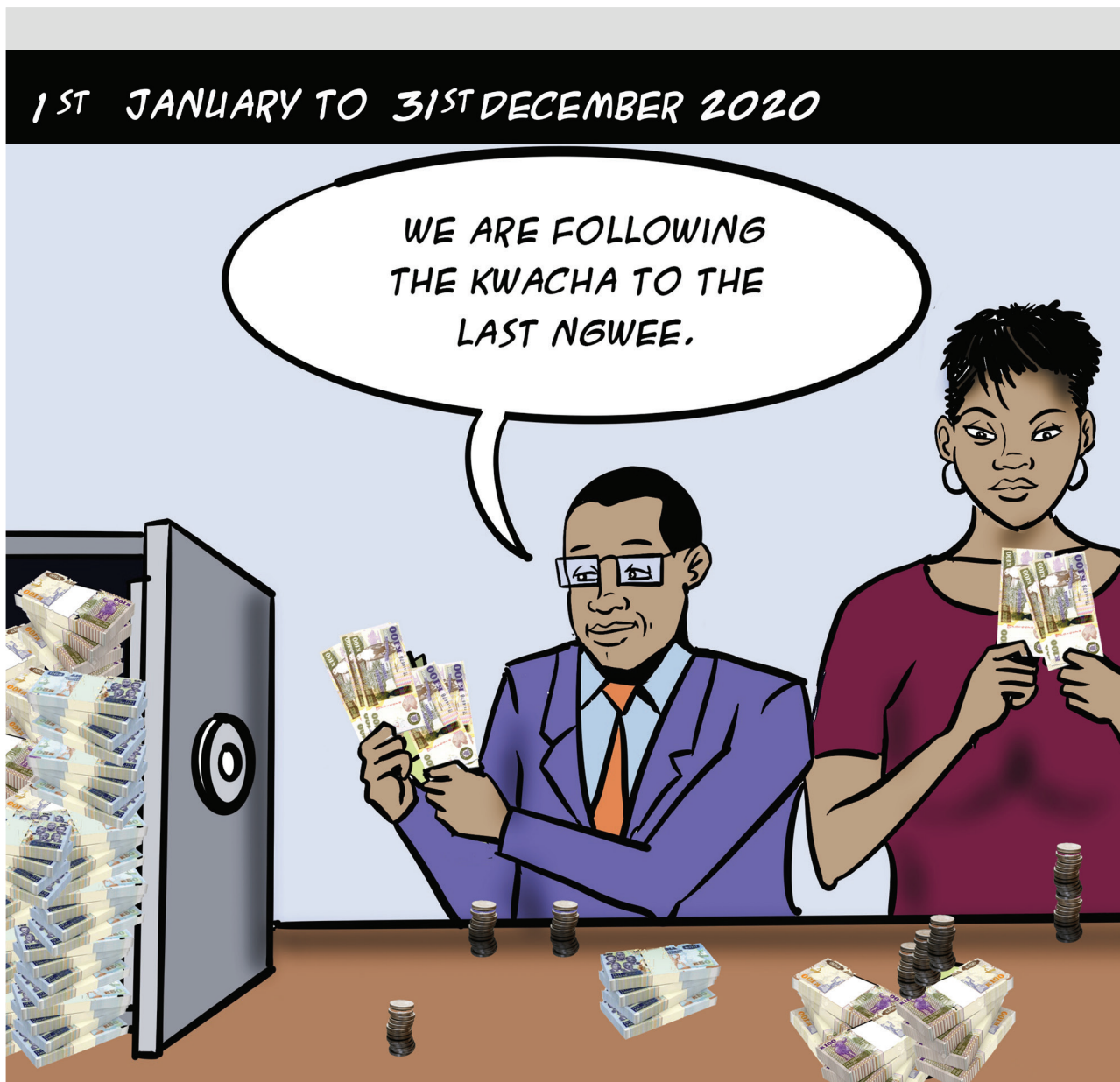
According to the INTOSAI - P 12, SAIs are expected to make a difference in three ways:

- Strengthening the accountability, transparency and Integrity of government and public sector entities.
- Demonstrating ongoing relevance to citizens, Parliament and other stakeholders.
- Being a model organization through leading by example.



04 SCOPE OF AUDIT

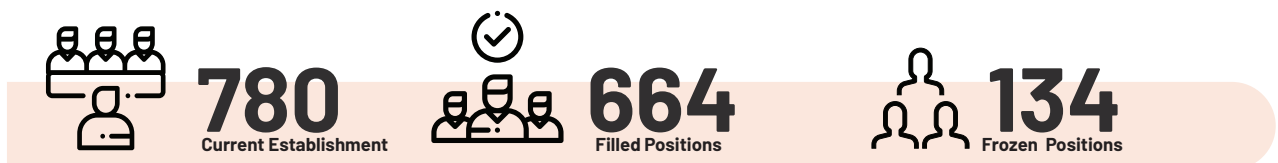
The audit scope covered the accounts and records of Ministries, Provinces and Agencies (MPAs) for the financial year ended 31st December 2020.



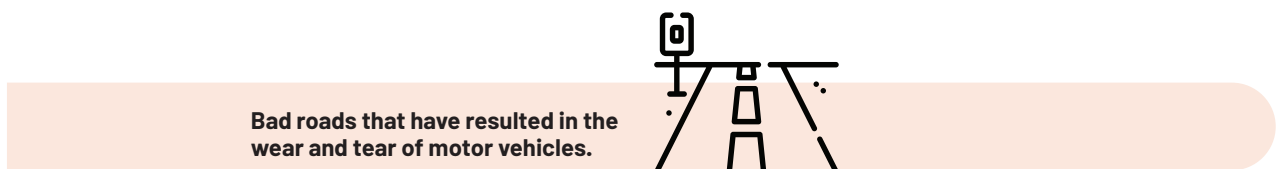
05 LIMITATION

The following were the constraints/ limitations during the period under review:

i. Staff - The staffing position in the Office has over the years been improving. However staffing levels are still not matching with the number of Government programmes being undertaken throughout the country. As at 31st December 2020, the Office had an establishment of **780 positions of which 644 were available while the balance of 136 were frozen.** Out of the available positions, 620 were filled while 24 were vacant.



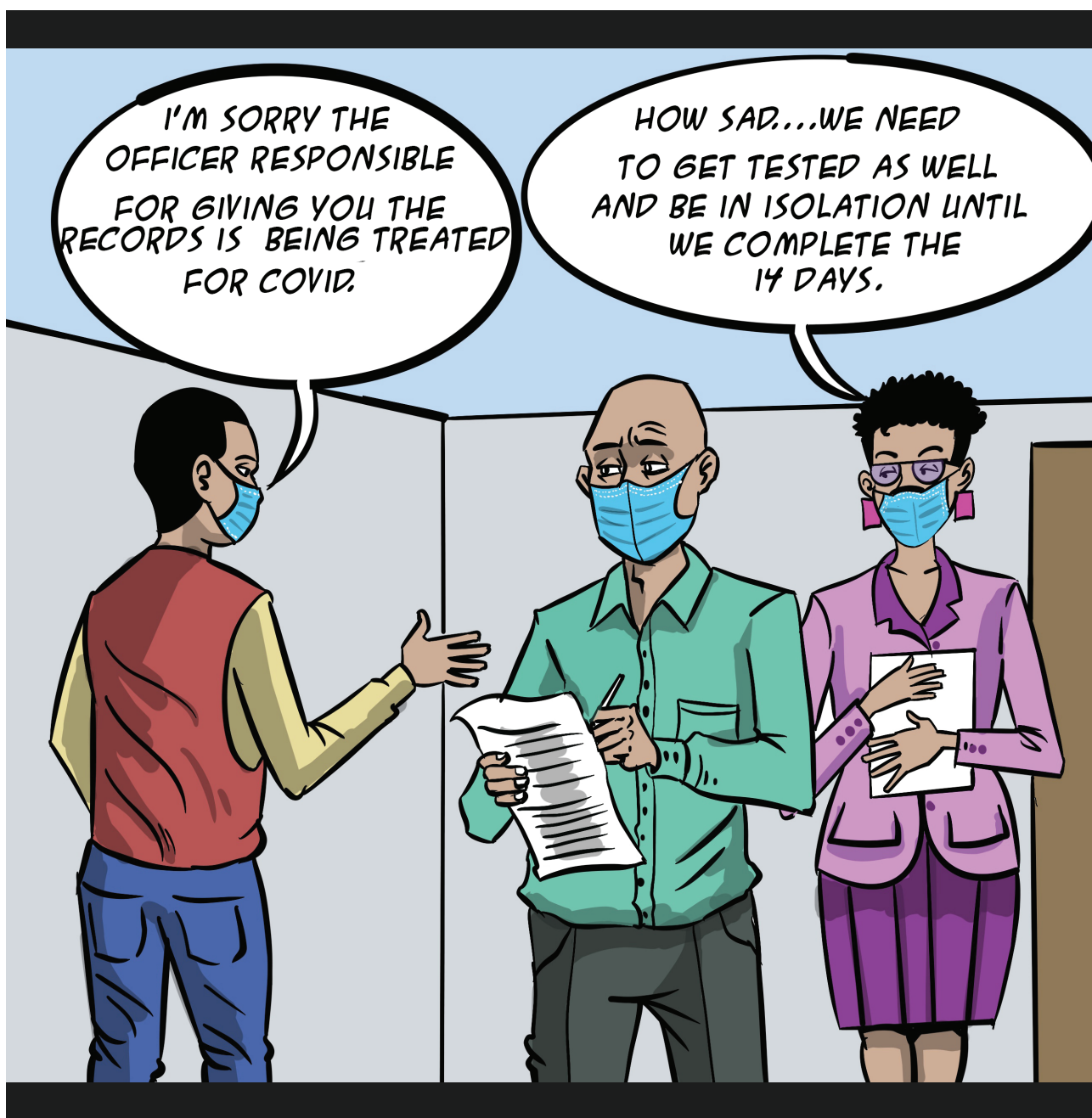
ii. Transport -The Office has a presence in all the ten (10) provinces in the country and the nature of the operations require travelling to all districts in the country. The bad roads have resulted in the wear and tear of motor vehicles. Consequently, this has continued to negatively impact the targeted time of completing the audit activities. Although the Office received support from Government and Cooperating Partners to procure motor vehicles, the gap still exists.



iii. Information and Communication Technology (ICT) - Over the years, the Information and Communications Technology (ICT) equipment has not been adequate to support the work of the staff despite the support from Government and Cooperating Partners.



iv. Coronavirus Disease 2019 (COVID-19) –The audits of accounts for the financial year ended 31st December 2020 were adversely affected by the COVID-19 pandemic. This resulted in suspension of audits, scaling down on the scope and delayed provision of audit information due to the absence of key personnel in the client offices.



06

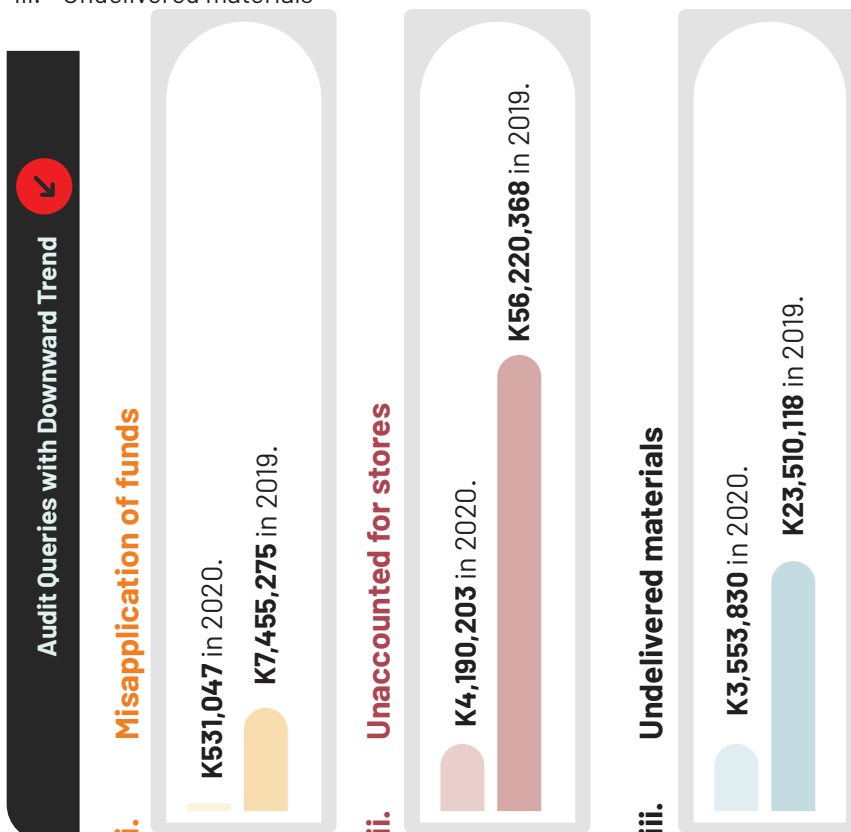
SUMMARY OF FINDINGS

No.	Details	2020 K	2019 K
1	Unaccounted for Revenue	971,488	528,431
2	Unaccounted for Funds	21,146,508	183,886
3	Misapplication of Funds	531,047	7,455,275
4	Unretired Accountable Imprest	2,031,431	480,660
5	Unvouched Expenditure	28,331,334	1,539,431
6	Unaccounted for Stores	4,190,203	56,220,368
7	Irregular Payments	19,991,742	8,952,156
8	Non Recovery of Loans and Advances	84,196,274	-
9	Failure to Follow Procurement Procedures	234,070,294	504,500
10	Undelivered Materials	3,553,820	23,510,118
11	Non - Submission of Expenditure Returns	1,149,432	502,250
12	Wasteful Expenditure	1,417,521,900	3,730,864
13	Overpayments	6,693,986	1,109,176
14	Misappropriation of Funds	-	-

a. Audit Queries with Downward Trend

The areas where there has been a downward trend from 2019 to 2020 are as follows:

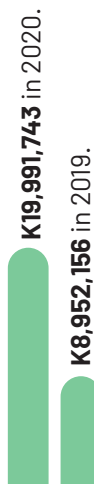
- i. Misapplication of funds
- ii. Unaccounted for stores
- iii. Undelivered materials



Audit Queries with Upward Trend



5. Irregular payments



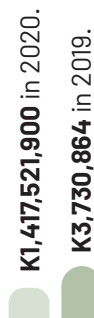
6. Failure to follow procurement procedures



7. Non submission of expenditure returns



8. Wasteful expenditure



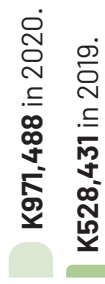
9. Overpayments



Audit Queries with Upward Trend



1. Unaccounted for revenue



2. Unaccounted for funds



3. Unretired accountable imprest



4. Unvouched expenditure



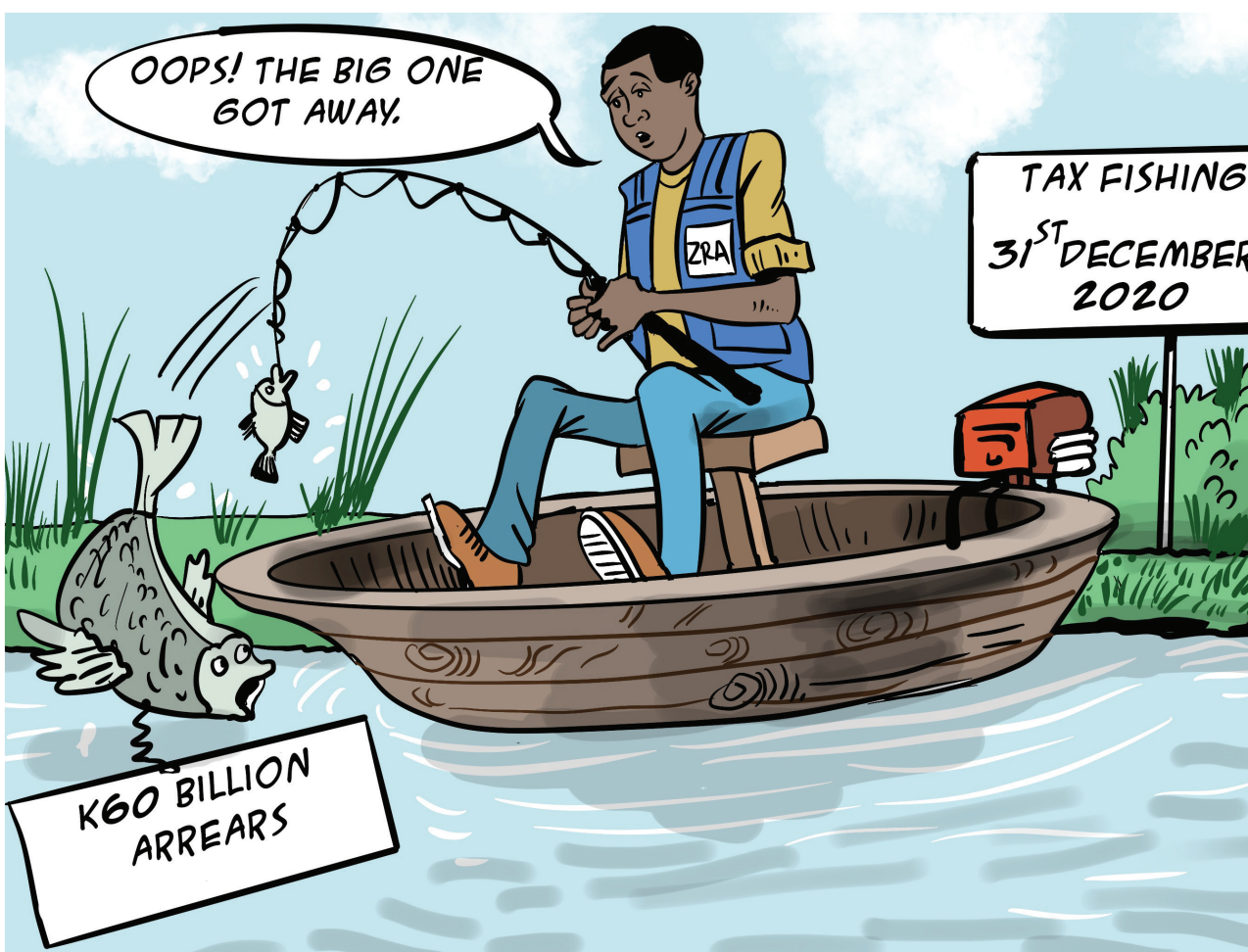
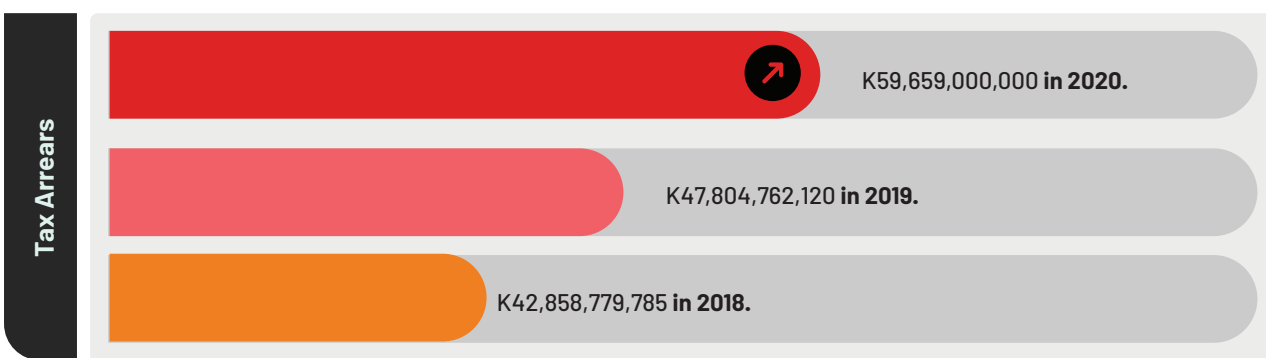
07 HIGHLIGHTS OF THE AUDIT FINDINGS

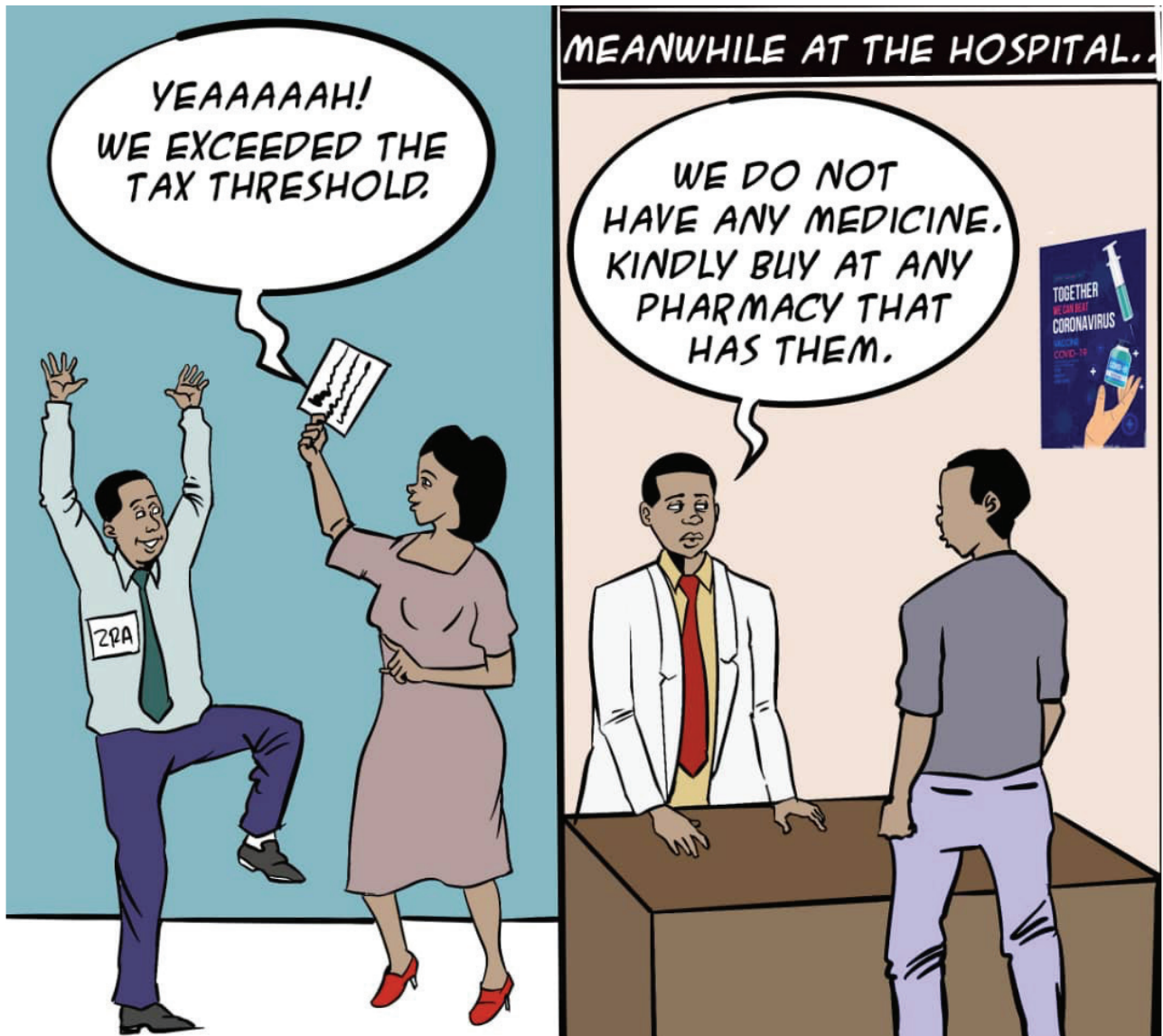
Revenue

1. TAX ARREARS (K59,659,000,000)

There were tax arrears in amounts totalling K59,659,000,000 as at 31st December 2020.

Tax arrears escalated from K42,858,779,785 in 2018, K47,804,762,120 in 2019 to K59,659,000,000 in 2020





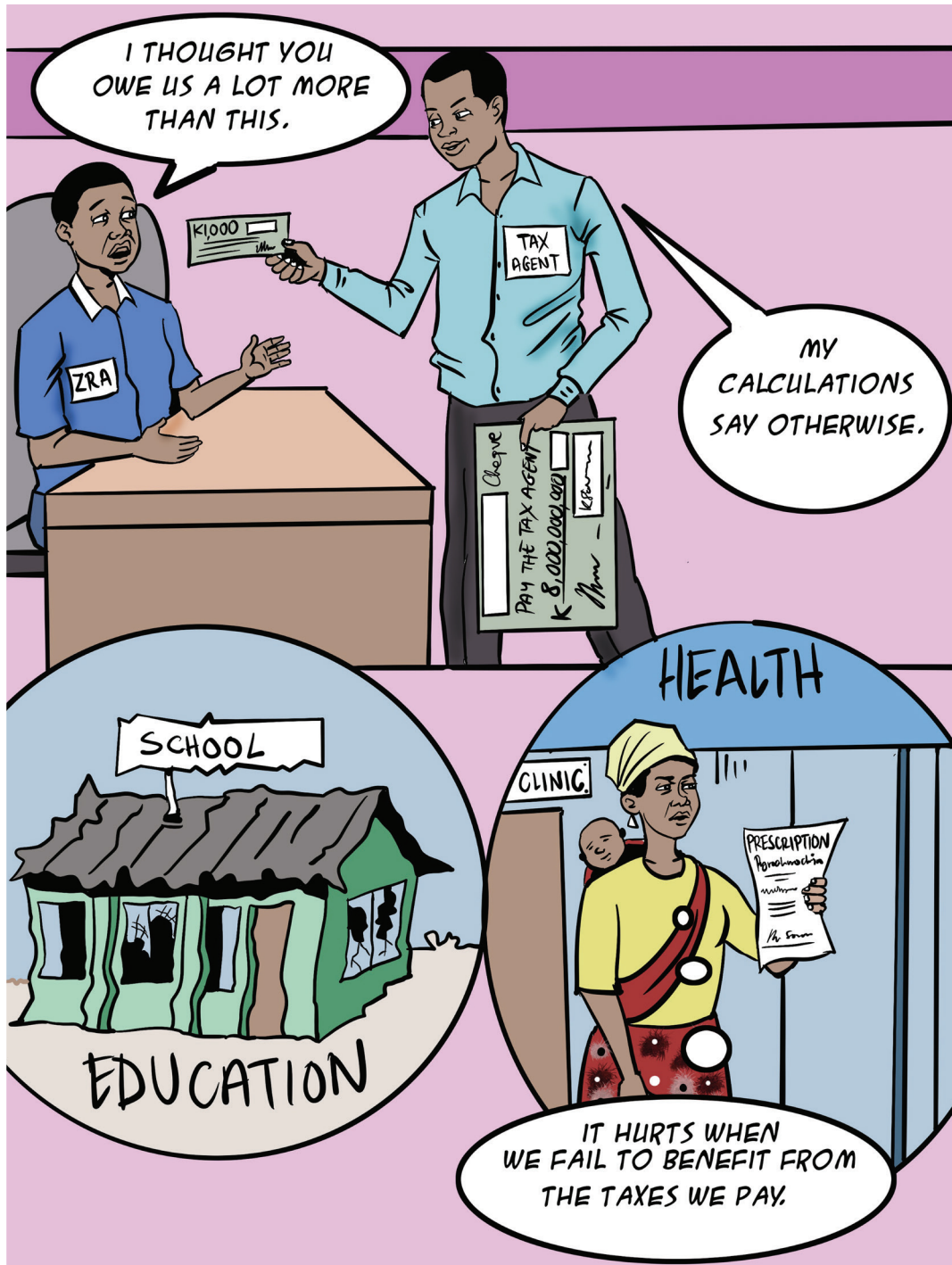
Tax Arrears			
Year	2018	2019	2020
Amount (ZMW)	42,858,779,785	47,804,762,120	59,659,000,000
Percentage increase	-	11.50%	24.80%

RISK

- Some Government planned programmes were affected due to non collection of tax arrears.

2. Failure to Remit Withheld Value Added Tax (WVAT) – K1,940,411,672

During the period under review, amounts totalling K1,940,411,672 in respect of WVAT were collected by agents but not remitted to ZRA.

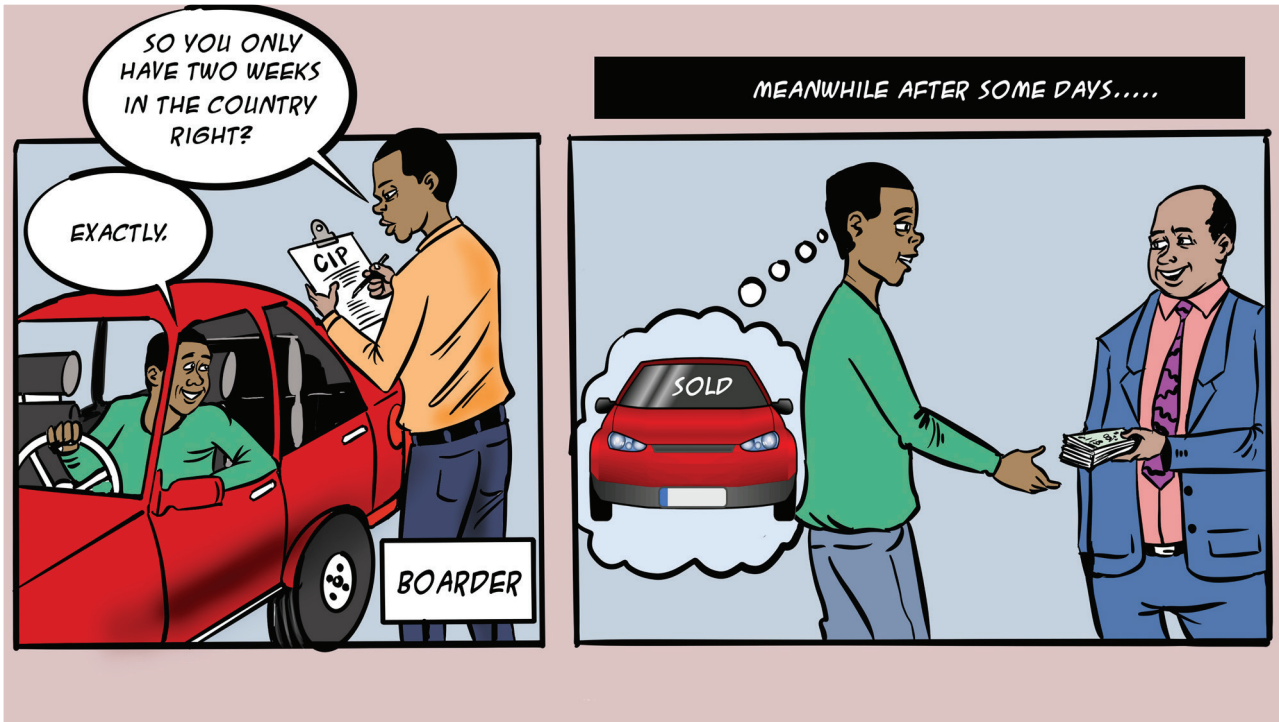


RISK

- No funds for Government to actualize some planned programs in 2020.

3. Expired Customs Importation Permits (K62,075,781)

During the period under review, **312 motor vehicles with value for duty purposes of K62,075,781 were brought into the country using Customs Importation Permits (CIPs)** and were given specific periods to exit. However, these motor vehicles had not exited the country and were not cleared for tax as at 31st August 2021.



RISK

- Possible abuse of the customs importation permit facility to avoid paying taxes due.

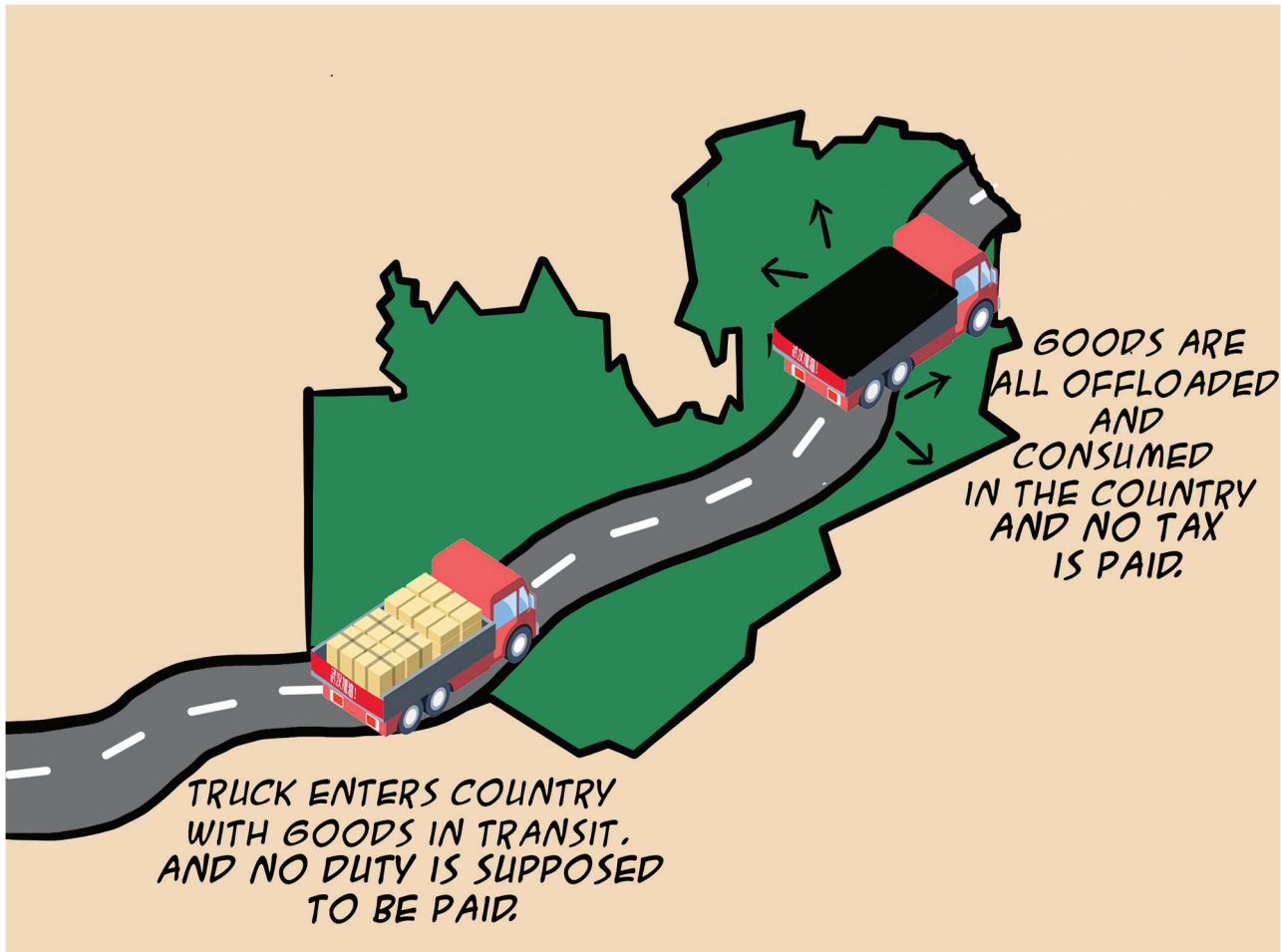


K62 million

Lost tax revenue on CIPs

4. Unaccounted for Removals in Transits (RITs) - K25,289,698

During the period under review, there were RITs in amounts totalling K25,289,698 which were unaccounted for as they were not acquitted at points of exit despite being declared at borders of entry as goods destined for other countries.



K25 million

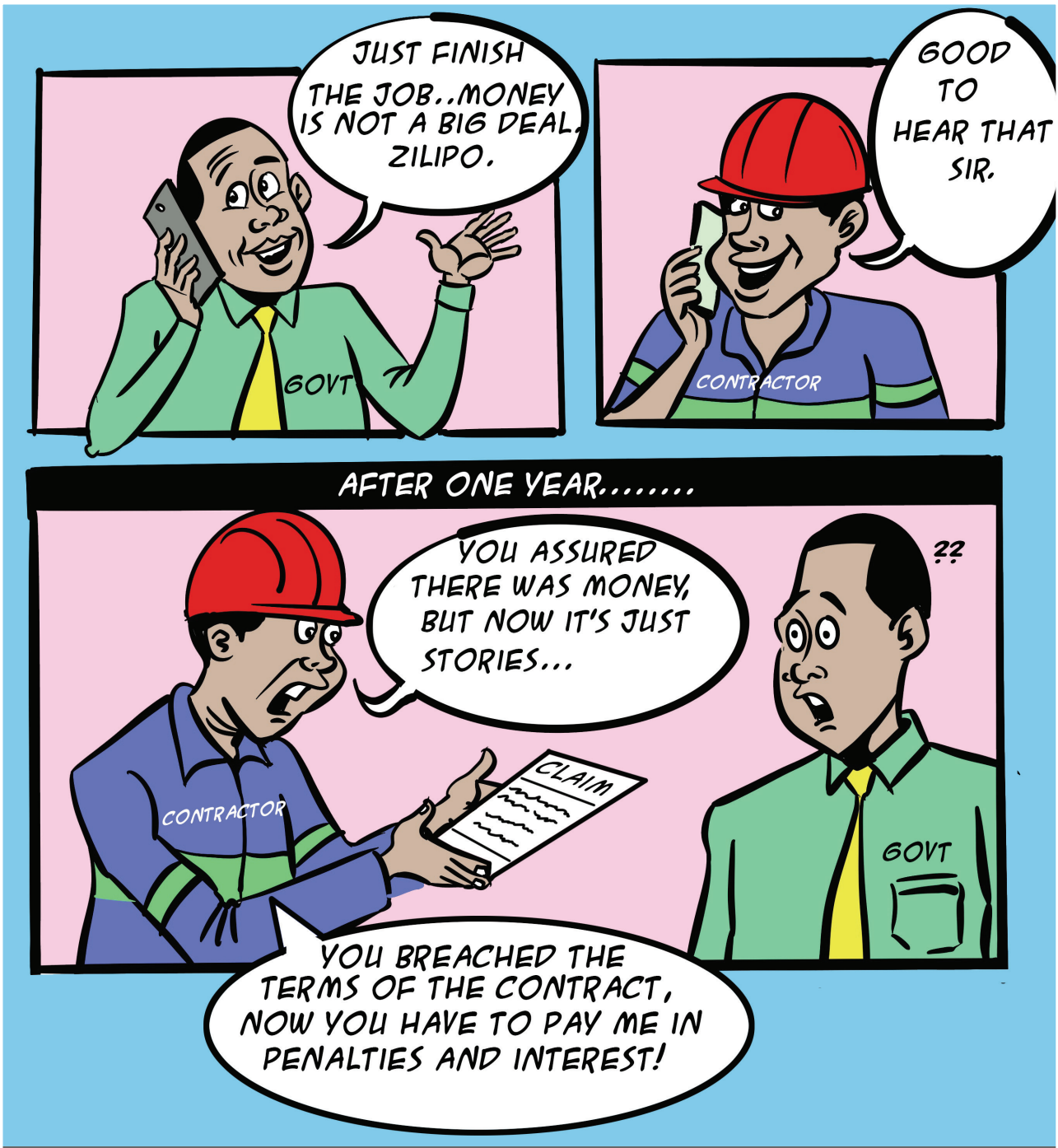
Consumed within the country **without paying tax.**

RISK

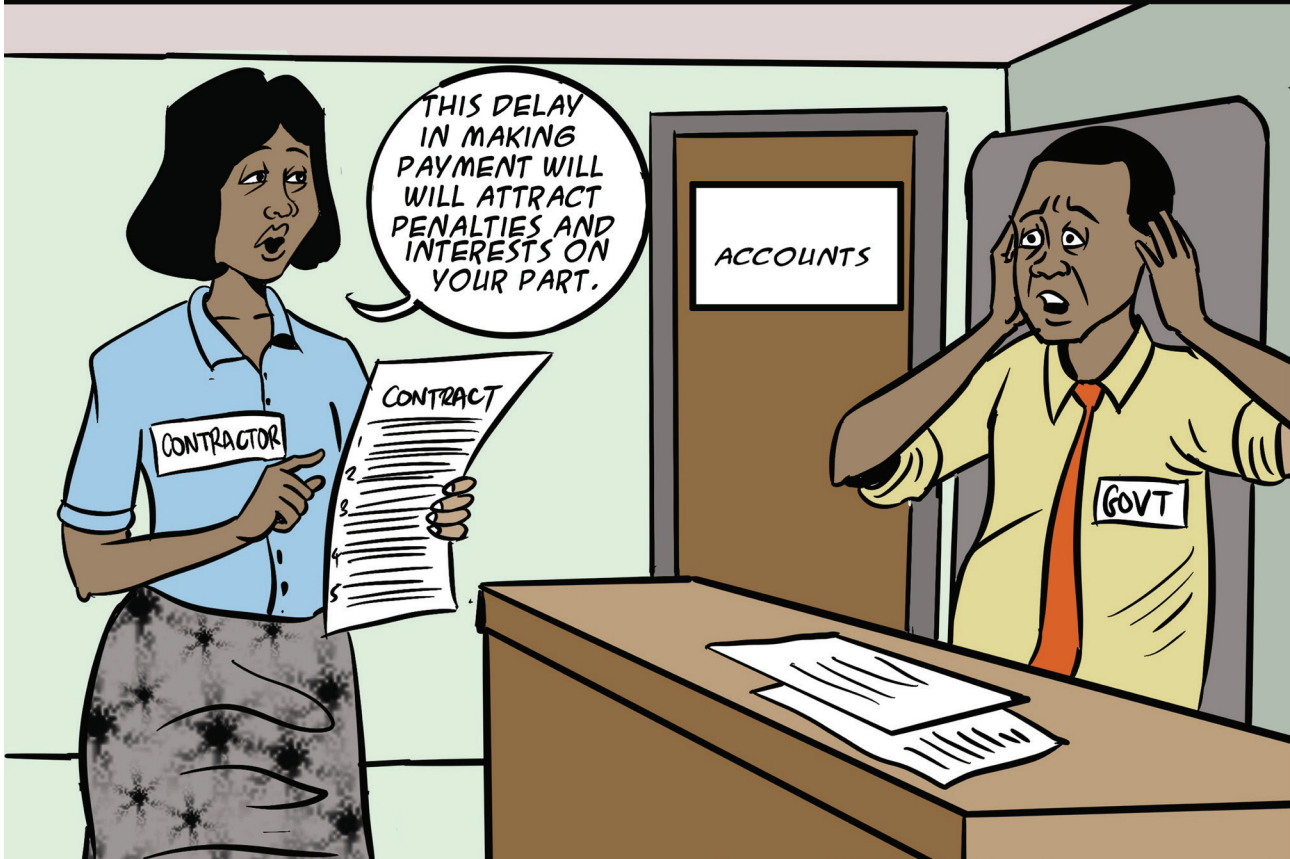
- Loss of revenue as a result of smuggling.

Expenditure

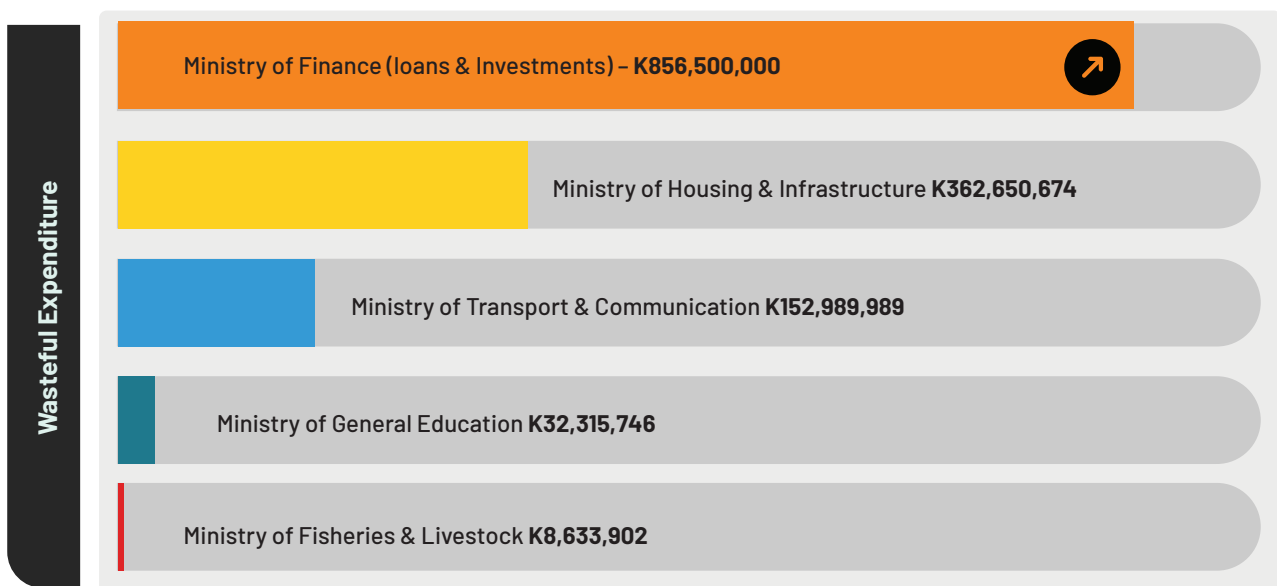
1. Wasteful Expenditure – There were ten (10) Ministries that incurred wasteful expenditure in amounts totalling K1,417,521,900 during the period under review. The expenditure was mainly on interest charges and penalties due to failure to adhere to contract terms thereby increasing the cost to Government with no added benefits.



AFTER MANY MONTHS OF NON PAYMENT.....



Top Five Ministries Affected

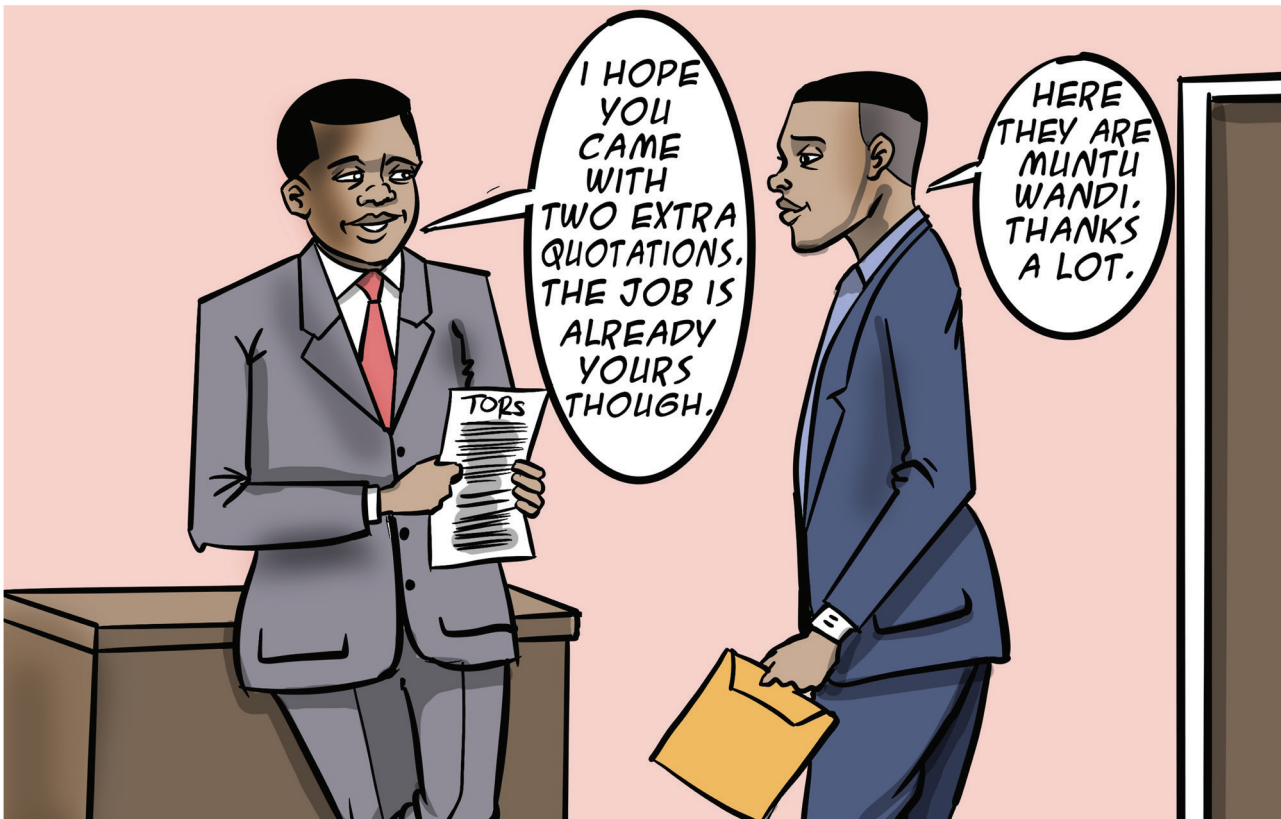


RISKS

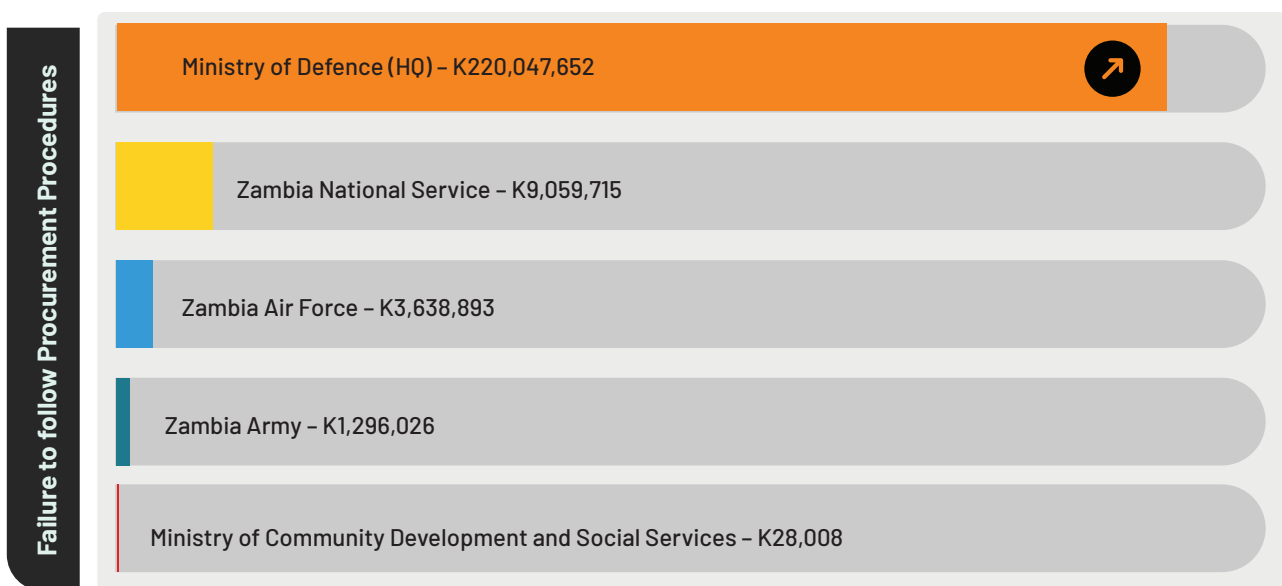
- Failure to implement other essential programmes or projects.
- Increase in Project costs due to interest or penalties.

2. Failure to follow Procurement Procedures

There were five (5) institutions that failed to adhere to procurement procedures in the procurement of goods and services worth K234,070,294 during the period under review.



Top Five Institutions Affected



RISKS

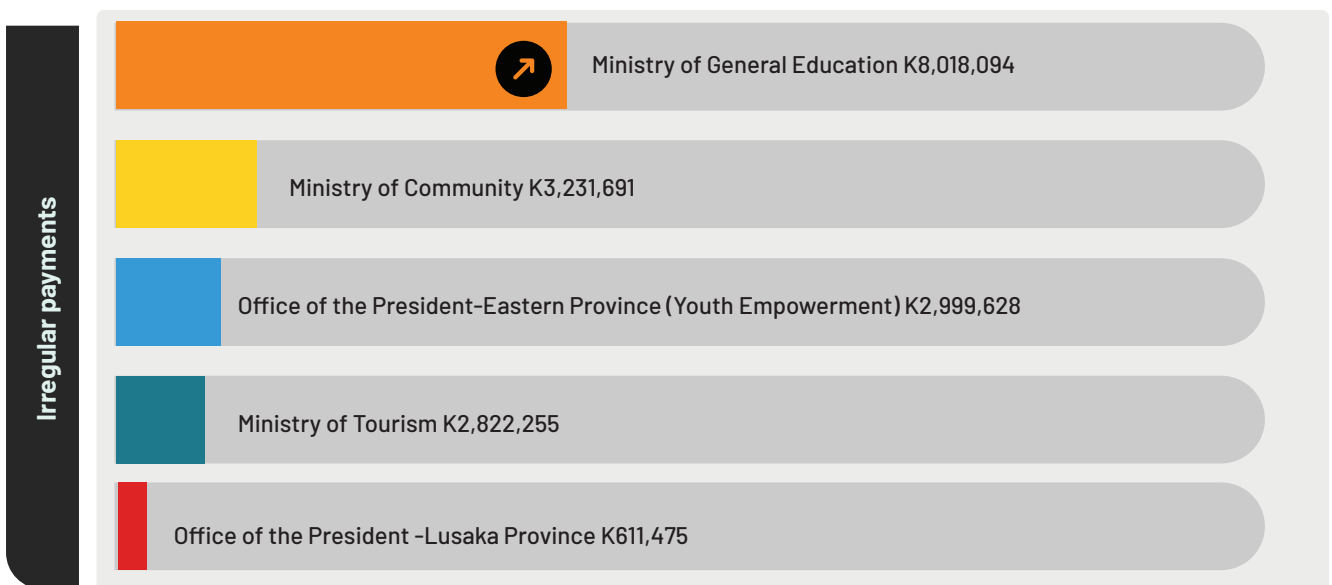
- Goods and services obtained at uncompetitive prices.
- Increased Project Cost due to charges of interest and penalties on late payments.

3. Irregular payments

During the period under review, nineteen (19) ministries and agencies spent amounts **totalling K19,991,742**. However, it was observed that the **payments were irregular** in that loans paid were not secured; employees were paid double salaries; employees on secondment were paid salaries; officers not entitled to allowances such as responsibility, acting, rural and remote allowances were paid; separated employees were still drawing salaries; and an employee without a grade twelve (12) certificate was employed with forged results and consequently paid a salary.



Top Five Institutions Affected

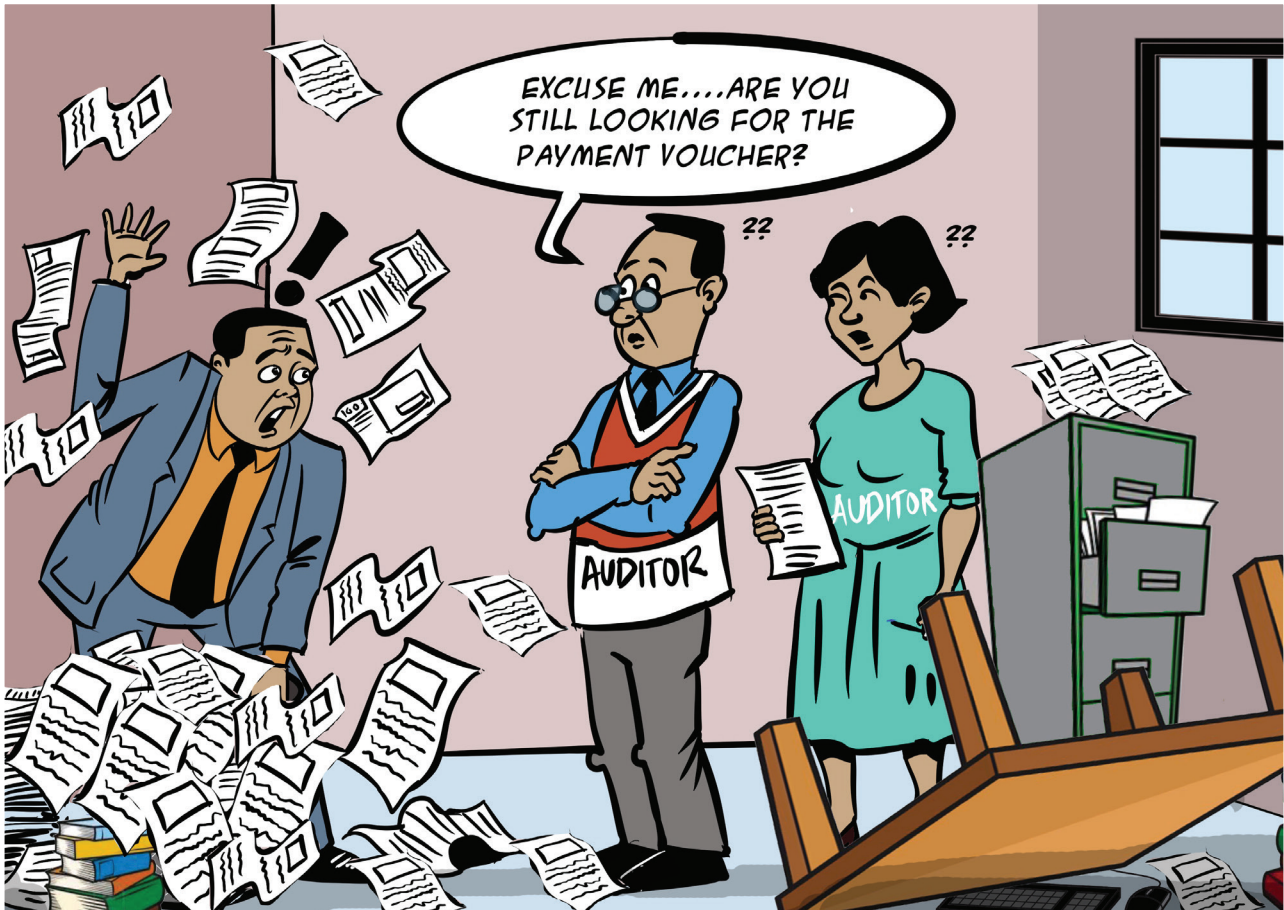


RISK

- Loss of Government Funds.

4. Unvouched Expenditure

Contrary to Financial Regulation No. 65 (1), payments in amounts totalling K28,331,334 paid by nine (9) Ministries and Agencies were not availed for audit as they were either missing or inadequately supported.



Top Five Institutions Affected



RISK

- Limitation of scope.
- Concealing unauthorised transactions.

5. Unaccounted for funds

It was observed that three (3) Ministries spent amounts totalling K21,146,508 during the period under review. However, these ministries did avail documents on how the funds were utilised.



Unaccounted for funds

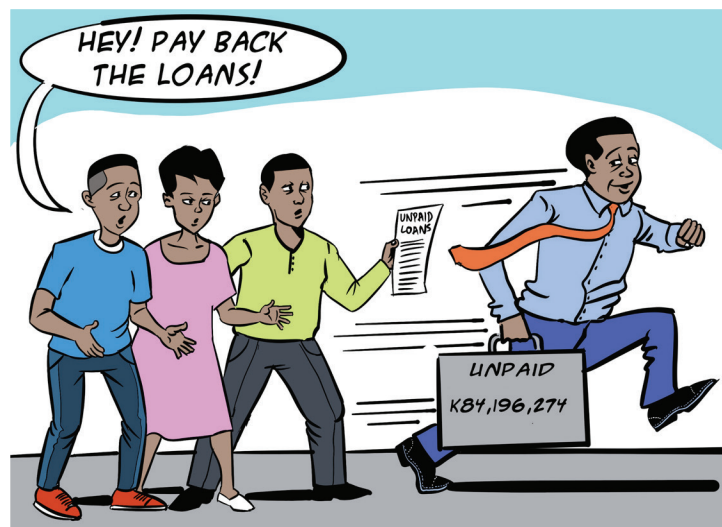
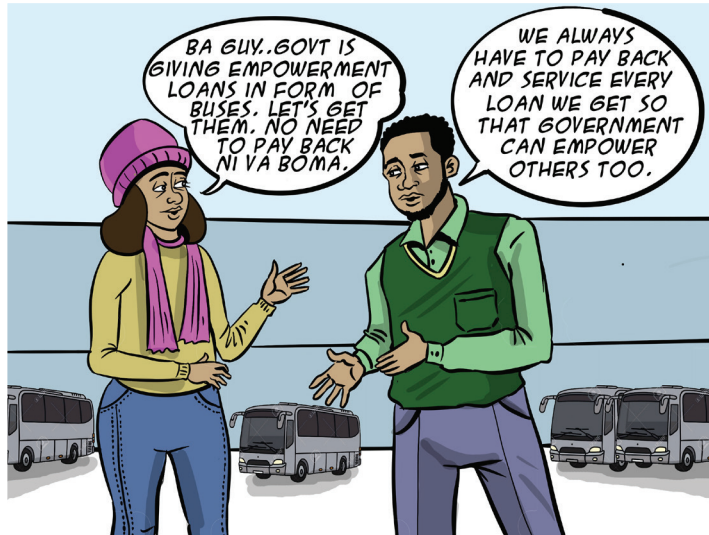


RISK

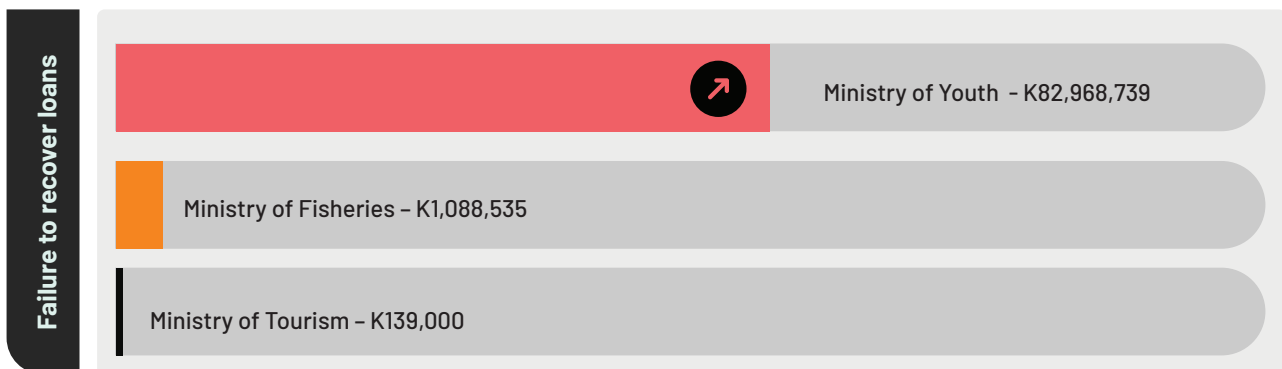
- Fraudulent transactions

6. Failure to recover loans

During the period under review, the Ministries of Youth, Tourism and Fisheries issued loans in amounts totalling K84,196,274. The loans had not been recovered as at 30th September 2021.



Top Three Institutions Affected



RISKS

- Failure by would-be beneficiaries to access funds
- Loss of Government fund due to non payments of loans.

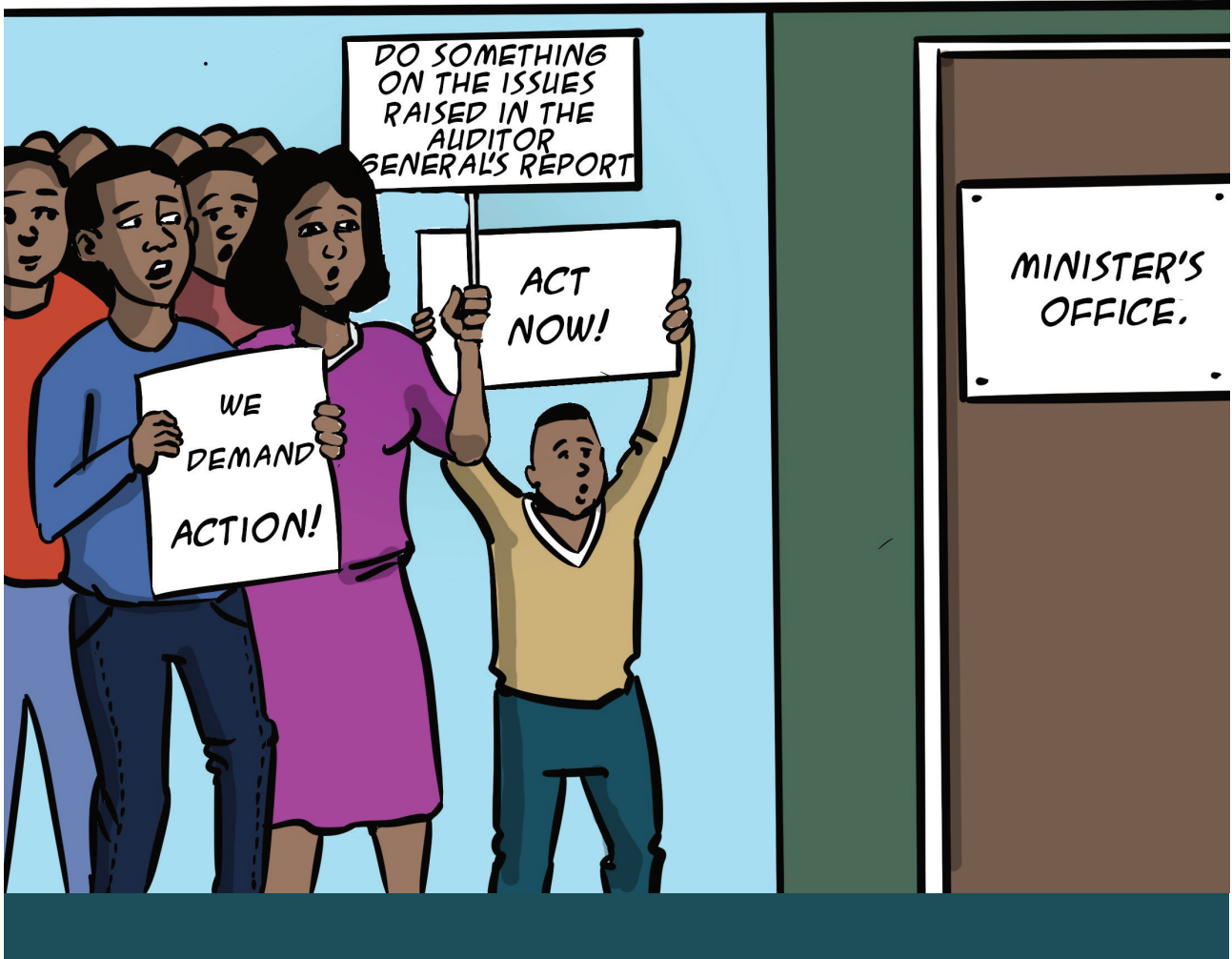
08

RECOMMENDATIONS

- ✓ Taking immediate and appropriate action on internal and external audit recommendations.
- ✓ Controlling Officers should ensure that there is strict adherence to procurement procedures and all contract provisions,
- ✓ Controlling Officers should ensure prompt updating of the Establishment Register and placement of staff in designated duty stations,
- ✓ Establishing and maintaining an effective, efficient and transparent system of financial and risk management as well as adequate and robust internal controls;
- ✓ Managing public resources prudently and safeguarding them;
- ✓ Prevention of irregular or wasteful expenditure, misapplication of funds, theft or loss resulting from negligence or criminal conduct;
- ✓ Taking immediate, effective, and appropriate disciplinary steps against erring office holders in the ministry or department under their charge.

09

HOW CITIZENS CAN USE THE REPORT



EVALUATION FORM

Name/Organisation:

Province:

Please answer each question honestly. Your response will be treated with complete confidentiality. If the questionnaire has not been hand collected, please email your completed questionnaire to auditorg@ago.gov.zm

Please select the rating for each section based on the following criteria:

5-Excellent 4-Good 3-Average 2-Fair 1-Poor

Please rate the content and structure of the 2020 Simplified Auditor General's Report on the following:

1. The structure of the 2020 Simplified Auditor General's Report.
05 04 03 02 01
2. Ability to explain and illustrate the 2020 Auditor General's Report findings.
05 04 03 02 01
3. Ability to show how public funds were utilised.
05 04 03 02 01
4. Ability to show how revenues are collected and accounted for.
04 03 02 01
5. Ability to show how public funds were accounted for.
05 04 03 02 01
6. Ability to show the link between the budget, the revenue collections and the expenditure.
05 04 03 02 01
7. Ability to show the link between the revenue, expenditure and the value derived from the revenue and expenditure.
05 04 03 02 01
8. Ability to show the role and mandate of the Auditor General's office.

- 04 03 02 01
9. Did the 2020 Auditor General's Simplified Report Meet your expectations?
05 04 03 02 01

Open-ended comments on the 2020 Simplified Auditor General's Report

10. Has this Simplified Report helped to generate interest in you to know more about the work of the Auditor General? Explain briefly. _____

11. In your opinion, what makes it easier to understand the simplified report (cartoons, narrations or graphic representations)? Explain briefly.

12. Has the Simplified Report helped you to understand the findings in the 2020 Auditor General's Report? Explain briefly

13. Do you see how your needs have been addressed in the 2020 Simplified Auditor General's Report? Explain how.

14. What did you like the most about the 2020 Simplified Auditor General's Report in comparison to the 2019 report?

15. What specific things did you like the least about the 2020 Simplified Auditor General's Report when compared to the 2019 report?

16. What recommendations or actions would you like to see taken on the irregularities identified in the Auditor General's report?

17. What words or sentences did you find difficult to understand?

18. From the trend analysis, what specific queries have the MPAs improved on in the 2020 Audits compared to previous audits?

19. What content would you like to be added or removed in the future Simplified Auditor General's Report?

Overall, how would you rate the 2020 Simplified Auditor General's Report:

05 04 03 02 01

General Comments:

Thank you for your feedback.

APPENDIX 1

BUDGET CREDIBILITY FOR YEARS 2019 TO 2020

	DETAILS	2020				2019			
		Provision K	Funding K	Expenditure K	% of Funding	Provision K	Funding K	Expenditure K	% of Funding
1	01 STATE HOUSE								
2	02 OFFICE OF THE VICE PRESIDENT								
3	03 NATIONAL ASSEMBLY								
4	04 MINISTRY OF GENDER	27,528,106	25,101,298	24,838,458	91				
5	05 ELECTORAL COMMISSION OF ZAMBIA								
6	06 CIVIL SERVICE COMMISSION								
7	07 OFFICE OF THE AUDITOR GENERAL								
8	08 CABINET OFFICE - OFFICE OF THE PRESIDENT								
9	09 TEACHING SERVICE COMMISSION - OFFICE OF THE PRESIDENT								
10	10 ZAMBIA POLICE SERVICE COMMISSION								
11	11 ZAMBIA POLICE	1,955,783,214	1,387,595,521	1,385,946,677	71	1,495,560,533	1,235,363,782	1,235,019,232	83
12	12 OFFICE OF THE THE PUBLIC PROTECTOR								
13	13 MINISTRY OF CHIEFS AND TRADITIONAL AFFAIRS	127,770,185	123,058,320	112,558,320	96	128,509,688	92,338,365	91,845,054	72
14	14 MINISTRY OF MINES AND MINERAL DEVELOPMENT	213,768,863	97,888,283	97,567,812	46	39,323,927	37,816,019	37,712,135	96
15	15 MINISTRY OF HOME AFFAIRS					179,318,040	122,068,772	83,899,282	68
16	16 DRUG ENFORCEMENT COMMISSION								
17	17 MINISTRY OF FOREIGN AFFAIRS					1,366,680,247	934,076,604	779,409,917	68
18	17/07 MINISTRY OF FOREIGN AFFAIRS - Mission Abroad - Cairo								
19	17/09 MINISTRY OF FOREIGN AFFAIRS - Mission Abroad - Dar es Salaam								
20	17/12 MINISTRY OF FOREIGN AFFAIRS - Mission Abroad - Addis Ababa								
21	17/13 MINISTRY OF FOREIGN AFFAIRS - Mission Abroad - Gaborone								
22	17/19 MINISTRY OF FOREIGN AFFAIRS - Mission Abroad - Nairobi								
23	17/25 MINISTRY OF FOREIGN AFFAIRS - Mission Abroad - Tokyo								
24	17/26 MINISTRY OF FOREIGN AFFAIRS - Mission Abroad - Windhoek								
25	17/27 MINISTRY OF FOREIGN AFFAIRS - Mission Abroad - Brussels								
26	17/30 MINISTRY OF FOREIGN AFFAIRS - Mission Abroad - Harare								
27	17/31 MINISTRY OF FOREIGN AFFAIRS - Mission Abroad - Berlin								
28	17/32 MINISTRY OF FOREIGN AFFAIRS - Mission Abroad - Geneva								
29	18 JUDICIARY								

30	19 DISASTER MANAGEMENT AND MITIGATION UNIT	480,064,845	326,773,285	326,773,285	68	27,872,298	26,430,694	26,430,683	95
31	21 LOANS AND INVESTMENTS	20,077,316,892	12,295,427,131	12,295,427,131	61				
32	25 LOCAL GOVERNMENT SERVICE COMMISSION								
33	26 MINISTRY OF INFORMATION AND BROADCASTING SERVICES								
34	27 PUBLIC SERVICE MANAGEMENT DIVISION								
35	29 MINISTRY OF LOCAL GOVERNMENT					1,799,457,083	1,314,028,862	1,313,860,946	73
36	30 ZAMBIA CORRECTIONAL SERVICES	63,962,883	57,353,520	57,156,094	90	61,954,611	41,113,148		66
37	31 MINISTRY OF JUSTICE								
38	32 MINISTRY OF NATIONAL GUIDANCE AND RELIGIOUS AFFAIRS								
39	33 MINISTRY OF COMMERCE, TRADE AND INDUSTRY	1,270,856,739	479,531,422	478,082,200	38				
40	34 HUMAN RIGHTS COMMISSION								
41	36 ZAMBIA CORRECTIONAL SERVICE COMMISSION								
42	37 MINISTRY OF FINANCE								
43	38 MINISTRY OF NATIONAL DEVELOPMENT PLANNING								
44	39 SMART ZAMBIA INSTITUTE								
45	44 MINISTRY OF LABOUR AND SOCIAL SECURITY								
46	45 MINISTRY OF COMMUNITY DEVELOPMENT AND SOCIAL SERVICES	1,859,753,476	1,209,849,346	1,209,849,346	65	1,191,867,153	413,599,050	408,952,925	35
47	46 MINISTRY OF HEALTH	9,713,645,083	7,143,035,786	7,116,610,610	74	7,874,189,078	4,725,770,037	4,662,109,334	60
48	51 MINISTRY OF TRANSPORT AND COMMUNICATION	1,361,313,297	383,917,211	383,792,971	28				
49	52 MINISTRY OF WATER DEVELOPMENT, SANITATION AND ENVIRONMENTAL PROTECTION	3,091,495,376	1,180,281,659	1,180,117,605	38				
50	54 MINISTRY OF HOUSING AND INFRASTRUCTURE DEVELOPMENT	279,967,678	156,906,512	156,887,907	56				
51	62 MINISTRY OF ENERGY	1,496,859,922	373,627,488	373,550,203	25				
52	64 MINISTRY OF WORKS AND SUPPLY					88,489,789	68,627,965	68,499,221	78
53	65 MINISTRY OF HIGHER EDUCATION	2,487,289,400	1,494,413,469	1,494,354,304	60				
54	68 MINISTRY OF TOURISM AND ARTS	320,113,069	285,946,720	284,857,290	89				
55	76 MINISTRY OF YOUTH, SPORT AND CHILD DEVELOPMENT	527,273,927	520,271,539	232,197,887	99				
56	77/01 MINISTRY OF DEFENCE - Headquarters	412,866,225	303,167,289	258,780,365	73	290,026,833	143,442,337	141,458,943	49
57	77/02 MINISTRY OF DEFENCE - Zambia Army	1,760,196,132	1,754,431,976		100	1,673,311,077	1,604,328,788	1,594,222,652	96
58	77/03 MINISTRY OF DEFENCE - Zambia Air Force	1,239,421,230	1,140,773,656	1,120,374,601	92	1,071,194,416	1,052,326,250	1,044,511,865	98

59	77/04 MINISTRY OF DEFENCE - Zambia National Service	962,977,267	953,103,892	953,103,891	99	1,039,344,312	958,580,531	946,777,967	92
60	78 ZAMBIA SECURITY INTELLIGENCE SERVICES - OFFICE OF THE PRESIDENT								
61	80 MINISTRY OF GENERAL EDUCATION	10,742,405,414	9,442,194,105	9,116,112,675	88	10,219,542,865	8,842,161,152	8,841,516,682	87
62	85 MINISTRY OF LANDS AND NATURAL RESOURCES	178,300,667	89,693,871	102,432,814	50	230,093,729	99,786,252	96,056,998	43
63	86 MINISTRY OF FISHERIES AND LIVESTOCK	816,465,363	610,488,295	598,809,886	75	1,171,709,231	291,783,442	288,860,877	25
64	87 ANTI- CORRUPTION COMMISSION								
65	88 MUCHINGA PROVINCE	58,896,033	46,990,407	46,882,687	80				
66	89 MINISTRY OF AGRICULTURE	5,314,630,517	2,951,304,707	2,566,050,943	56	5,213,434,633	1,865,970,074	1,789,489,872	36
67	90 LUSAKA PROVINCE	78,264,724	65,089,133	65,064,978	83				
68	91 COPPERBELT PROVINCE	81,003,391	73,790,885	73,746,682	91	87,078,733	72,131,528	72,082,309	83
69	92 CENTRAL PROVINCE	81,264,723	76,536,374	76,166,720	94	89,219,993	70,296,067	70,169,587	79
70	93 NORTHERN PROVINCE	69,384,541	64,470,964	64,522,874	93				
71	94 WESTERN PROVINCE	87,114,960	79,397,291	79,274,106	91	106,589,668	63,115,041	62,805,237	59
72	95 EASTERN PROVINCE	72,481,164	65,058,212	65,029,140	90				
73	96 LUAPULA PROVINCE	75,767,420	50,727,525	49,621,064	67				
74	97 NORTH- WESTERN PROVINCE					89,105,306	54,609,096	54,345,130	61
75	98 SOUTHERN PROVINCE	88,478,210	53,031,035	52,831,571	60				
76	99 CONSTITUTIONAL AND STATUTORY EXPENDITURE								
	Legend								
	Institutions not appearing in report for 2020								
	Institutions not appearing in report for 2019								

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